

**TAB 3.B.**

**NARRATIVE ADDRESSING THE TWELVE DEVELOPMENT CRITERIA**

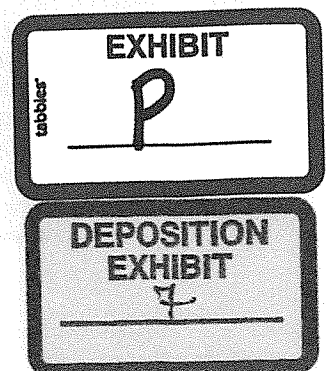
**Includes:**

**Proximity to Community Services Detail**

**Detailed Explanations for points under Category 5.B**

**Detailed Explanations for points under Category 5.C**

**Green Building and Energy Conservation Checklist**



## Blackfeet Homes V

### Narrative Addressing the Twelve Development Criteria

#### 1. Extended Low Income Use

The project is presented to MBOH as an Eventual Home Ownership project (10 points). Included in Tab 4.F. is a copy of the proposed homeownership plan to be implemented as part of the project. In the event that units are not converted to homeownership at year 15 (or in subsequent years), the project is committed to extending the compliance period through the 30-year extended use period (46 years + total).

Score = 10 Points

#### 2. Lower Income Tenants

12.5% of the project units will be at or below 40% AMI (2 points).  
62.5% of the project units will be at or below 50% AMI (20 points).  
The remaining units will be at or below 60% AMI.

Score = 22 Points

#### 3. Project Location

**Located in an area close to amenities and/or services.**

The Blackfeet Reservation is located in one of the most remote areas of the country. It is common for tribes to struggle with attracting businesses and service providers to the reservation due to their location.

Despite their extreme remoteness and difficulty of attracting outside business to their community, the project site is located within 1 mile of the Blackfeet Community Hospital and within 2 miles of the elementary school, Bureau of Indian Affairs, a convenience store, grocery store, fire department, post office, community bank, fitness center, community center, and Glacier County Library. Blackfeet Transit provides on-call, on-site pick up services for the entire community.

Please see the charts and maps provided at the end of this section for details regarding proximity to community services. (3 Points)

Score = 3 Points

#### 4. Housing Needs Considerations

The project clearly meets the needs and priorities of the Blackfeet Tribe and the Blackfeet Housing, as evidenced by needs, goals and objectives outlined in the 2011 IHP. The IHP states that there is a need to develop 519 rental units and a need to address the substandard living conditions of 1,405 low-income families living in overcrowded conditions. Of course Blackfeet Housing cannot build over 500 additional units as part of this project, but the tribe and housing authority can utilize the LIHTC program as a leveraging resource to help address the reservation's dire housing conditions.

In 2008, the Federal Reserve System and the Brookings Institution published a report analyzing poverty in communities across the country (*The Enduring Challenge of Concentrated Poverty in America: Case Studies from Communities Across the U.S.*). The Blackfeet Reservation was one of the communities profiled in the collection of case studies. The case study, included in Tab 4.F, references a poverty rate of 34 percent on the reservation while neighboring communities have much lower poverty rates (Flathead – 13 percent, Pondera – 19 percent). The case study also mentions the success of Blackfeet Housing's four completed rental housing projects using low-income housing tax credits as a mechanism to improve housing conditions in their community.

In combination with the tribe's need for housing, its low vacancy rate and its considerable waiting list, the proposed project is a clear benefit to the community. No other entity (for-profit or non-profit) would consider developing housing on the reservation leaving Blackfeet Housing as the only entity available to address housing and redevelopment.

After the decision to proceed with the 2012 application to MBOH was made, Blackfeet Housing procured a design architect to develop the housing plans and specifications for the proposed project. On January 10, 2012 the architectural team of Travols Design & Construction Services (led by Ashley Bland, Travols Design & Construction Services) and Blackfeet Housing held a design charrette at the housing authority. During the design charrette, participants discussed the goals/desires of the housing staff, MBOH's design requirements and brainstormed on potential design features of the 2012 project. Additional details of the design charrette are provided in Tab 2.G.

Based on the results of the charrette, Blackfeet Housing and the architect have developed a housing design that will incorporate a high level of accessibility, energy efficiency and affordability for future tenants. The concept drawings are attached in Tab 2.G. for the three-bedroom and four-bedroom units.

Finally, Blackfeet Housing has obtained several letters of community support for the proposed project. These letters, included in Tab 2.G. demonstrate that the construction of new homes will provide a far-reaching benefit to the community. Letters have been provided by the Tribal Chairman, the President of the Blackfeet Community College, and the Mayor of the Town of Browning. It is clear that this project will not only provide necessary housing to families, but will help lay a framework for strengthening the community and establishing a foundation family development. (4 Points)

**Appropriateness of Size of Development.** The size of the development, at 24 units, is consistent with the level of development undertaken in the past by the tribe and matches the number of available lots that Blackfeet Housing currently has slated for new construction activities. The project will be developed adjacent to Blackfeet Housing's current tax credit units. The units will be built as three- and four-bedroom units with two baths to meet the needs of larger families. The units will also be built with a high level of accessibility to accommodate the need to serve tenants with disabilities. (6 Points)

**Appropriateness of Market (rehab vs. new construction).** The proposed project will be located adjacent to existing housing within the Blackfeet community of Browning, MT. The Blackfeet Housing Limited Partnership #5 will acquire the land from Blackfeet Housing at the time the final lease is signed.

It is undeniable that there is both a need for rehabilitation and new construction on the reservation and one would be splitting hairs to decide which would be more advantageous

(contributing towards the rehab units for the 1,405 tribal families living in substandard conditions versus developing new units to address the need for 868 new units and 490 low-income tribal families living in overcrowded conditions). Blackfeet Housing's waiting list is currently over 500 households. Inaction is not acceptable given the great demand for affordable housing on the reservation. (4 points)

Score = 14 Points

**5. Project Characteristics**

- a. **Preservation or increase of existing federally assisted housing stock.** The proposed project increases the affordable housing stock on the Blackfeet Indian Reservation by developing extremely affordable low-income housing units that can be rented to some of the lowest income families in the state. While the project is targeting income levels at 40%, 50% and 60% AMI, the project rents are set at levels that would be affordable to families at the 30% AMI level. In addition, Blackfeet Housing will implement their rental policy that no more than 30% of a tenant's income will be charged for rent plus utilities. With this policy in place, it is possible that a tenant may be charged \$50 for rent or even zero rent. The partnership is able to do this and continue to operate at breakeven levels because of the arrangement with Blackfeet Housing to provide subsidy payments via the Housing Assistance Payments (HAP) agreement to cover the loss of rental income. The source of the HAP payments will be Blackfeet Housing's Indian Housing Block Grant (IHBG) funds (also known as NAHASDA funds). While the project will not include RD 515, HOME or CDBG financing, Blackfeet Housing will make use of the NAHASDA funds (a federally funded program) in order to increase their housing stock.

Also, by seeking leveraging through the LIHTC program, Blackfeet Housing will be able to preserve their limited pool of NAHASDA funds and redirect it toward other housing needs (rehab, modernization, construction of additional units). Without participation in the LIHTC program, Blackfeet Housing would only be presented with two options:

- 1) Not to pursue the construction of 24 additional housing units, reserving their financial resources for continued maintenance, rehab and modernization; or,
- 2) Pursue the construction of the 24 units at the sacrifice of using the financial resources for continued maintenance, rehab and modernization.

(2 points)

- b. **Includes higher quality amenities.** See the attached description of amenities and qualities of the project.  
(4 Points)

- c. **Green Building and Energy Conservation Justification.** See the attached explanation of "Green Design" components, including the executed agreement with the project architect. Please also review the architect's letters to Blackfeet Housing regarding accessibility and energy / green building initiatives included in Tab 3.B.

(10 Points)

Score = 16 Points

**6. Development Team Characteristics**

**Participation of entity with demonstrated track record.** Blackfeet Housing has a long track record of providing housing for the Blackfeet community – Blackfeet Housing currently manages 729 rental housing units and 644 homeowner housing units with an annual budget of over \$7 million. Blackfeet Housing also has extensive experience in developing, completing and managing LIHTC properties. Blackfeet Housing currently manages 130 tax credit units and is in good standing with MBOH.

The success of the previous Blackfeet Housing LIHTC projects can be directly attributed to the high level of professionalism and dedication of Blackfeet Housing staff. The staff attends MBOH trainings as well as other training related to the management of low income housing on a regular basis. Maintenance staff is experienced and demonstrates the expertise necessary to manage all of the LIHTC units as well as the NAHASDA low income units in the Blackfeet Housing inventory. All units are inspected on a quarterly basis and the occupancy and maintenance staff promptly responds to all inspection findings. Tenants are counseled on proper housekeeping and maintenance requirements and they know that the housing authority staff will be quick to respond to any issues related to their rental units.

In addition to the Blackfeet Housing experience, the development team assembled for this project also consists of Travols, Inc. as the consultant, Travols Design & Construction Services, LLC as the architect, Angela Christy of Faegre & Benson LLP as the partnership attorney, and Lee & Company PC as the partnership accountant. Tab 4.D. will provide detailed information on each of these industry professionals and document for MBOH that this project team includes the most experienced members for a tribal project.

As part of the development of the tribe's annual IHP, Blackfeet Housing and the housing board of commissioners receive feedback from individuals, families, prospective tenants and current residents with regards to their housing needs. Blackfeet Housing frequently hosts community meetings and conducts housing surveys to collect the input from community members. (6 points)

Score = 6 Points

**7. Demonstration of a Montana Presence.**

- Developer – Blackfeet Housing, a Montana based entity
- Property Manager – Blackfeet Housing, a Montana based entity
- Contractor – Blackfeet Housing, a Montana based entity
- Accountant – Lee & Company PC, a Montana based company

Blackfeet Housing, as the developer, does have existing projects in MT and does have a demonstrated ability produce a quality product. Blackfeet Housing also is active in the community and uses community participation/feedback for developing projects.

Score = (4 points)

**8. Participation of Local Entity**

The sole managing general partner in the project is Blackfeet Housing, a local tax-exempt Tribally Chartered organization. Blackfeet Housing will provide permanent soft financing to the partnership and will lease the land to the partnership for a nominal fee. (5 Points)

Score = 5 Points

**9. Tenant Populations with Special Housing Needs**

100% of the project's units will be three-bedrooms or larger. (10 Points)

Score = 10 Points

**10. Preservation of Affordable Housing Projects**

The proposed project does not involve the acquisition or rehabilitation of existing buildings, nor is it a historic preservation project, nor does it involve projects having completed their initial 15-year compliance period. (0 Points)

Score = 0 Points

**11. Market Need & Community Support**

MBOH will be hard pressed to find an area in more need of affordable housing than on the Blackfeet Indian Reservation. There is an overwhelming need for new housing units in this community. While the 2011 IHP documents a need for 519 new rental housing units and there are an estimated 490 families living in overcrowded conditions, the proposed project will only make a small dent in the actual housing that the Blackfeet community needs. Every family that moves in to a safe, decent and affordable house is one more family kept out of a potentially dangerous housing situation. Blackfeet Housing's mission to provide decent, safe, sanitary and affordable housing to low income families of the Blackfeet Nation can only be fully realized if programs like the LIHTC program are used to move housing and community development forward.

As is presently demonstrated in the market study, the units on the reservation have an occupancy rate of 100% and the housing authority currently maintains a waiting list over 160 households. The overall capture rate is 28% by AMI levels and the market analyst's opinion is that there is a need for at least 90 additional housing units on the reservation. The market study considers the project to be well positioned within the reservation and they believe that the project location will benefit the project's marketability.

There has been a small decline in the number of households on the reservation over the past ten years and the major contributing factor for this is the lack of available new housing units. With no new housing projects, people choose to move off the reservation. The proposed project will directly address the desire of families to live in the Blackfeet community. The lack of housing supply has led to disproportionately large waiting lists, contributes to overcrowded households, substandard living conditions and often multigenerational families living under one roof that is not designed nor equipped to handle the number of occupants living in the unit. (5 Points)

Score = 5 Points

**12. Intermediary Costs**

The developer has paid close attention to keeping intermediary costs low. All costs are below MBOH's maximums. (10 Points)

Score = 10 Points

**13. Developer Knowledge and Responsiveness**

- a. **Management past performance record.** The applicant has not displayed any of the weaknesses listed in the QAP and does not warrant negative points. (0 Points)
- b. **Late response to MBOH Inquires.** The applicant has not displayed any of the weaknesses listed in the QAP and does not warrant negative points. (0 Points)

Score = 0 Points

**Total Score = 105 Points**

